

- Legislative leave—salary foregone may be reportable if:

**Plan 1.** The salary the employee would have earned from his or her employer if the member contributions are paid by the member and the employer contributions are paid by the member or the employer.

**Plan 2.** The employee chooses between:

Option 1: The reportable compensation he or she would have earned had the member not served in the legislature; or

Option 2: The actual reportable compensation for nonlegislative public employment and the legislative service combined.

**Note:** If the employee selects Option 1, he or she is responsible for paying the additional employer and employee contributions on any difference between the Option 1 and Option 2 amounts.

- Compensation authorized by statute for periods of absence due to sickness or injury—Certain types of payments for periods of absence due to illness or injury have been identified by statute as reportable compensation. These payments are:

—Assault pay—for employees of the state library, state institutions and state correctional institutions only.

—Shared leave—for state employees, school district and ESD employees.  
(See RCW 41.04.650 - 670.)

—The regular salary an employee would have received had he or she not been absent due to an injury which occurred on the job. In order for this to be reportable compensation, the employee must be receiving benefits under Title 51 RCW (Industrial Insurance) or a similar federal workers' compensation program. Refer to RCW 41.40.038 for the rules about reporting this payment type.

**Note:** Whether this salary is reported on the monthly transmittal or the service credit is purchased retroactively, no more than 12 consecutive months of service credit will be granted. If a member returns to work for at least one month, he or she may be eligible for another 12 consecutive months of service credit regardless of whether the disability leave is due to a flare-up of the original injury.

Refer to DRS Notice 94-006 for more information about reporting employees who are on a leave of absence due to a temporary duty disability.

- Standby pay is excluded from the definition of service (see RCW 41.40.010(9); however, it is specifically identified as reportable compensation in RCW 41.40.010(8).
- Reinstatement or payment in lieu of reinstatement—if an employer makes payments to an employee for periods the employee was not employed and those payments are made upon reinstatement or in lieu of reinstatement, the payments are reportable.

### **Sick, Annual and Personal Leave Usage**

Sick leave, annual leave and personal leave are typically accumulated over time and paid to a person during a period of excused absence. Leave accrues at a prescribed rate, usually a certain number of hours per month. The employee earns a leave day by rendering service during the month the leave was accumulated. When the employee uses his or her accrued leave to take a paid day off, the payment is deferred compensation for services previously rendered. The payment is a salary or wage earned for services rendered and is reportable.

### **Cash out payments for sick, annual and personal leave**

If an employee receives payment instead of using accrued leave, he or she receives a “cash out” for the accrued leave. Cash outs are reportable for PERS Plan 1 members only. Cash outs are excluded by statute from the definition of reportable compensation for PERS Plan 2 members (see RCW 41.40.010(8)(b)).

The following cash outs are reportable for PERS Plan 1 members only.

- Annual Leave Cash Outs
  - For state government employees—cash outs for annual leave for up to thirty days (240 hours) are reportable compensation. Cash outs for annual leave in excess of thirty days (240 hours) may be reportable if special rules are followed (see RCW 43.01.040 and RCW 43.01.044).
  - For non-state government employees, *all* annual leave cash outs for PERS Plan 1 members qualify as reportable compensation.

**Note:** Annual leave cash outs for more than 30 days or 240 hours in the highest average compensation period used to calculate a